Corporate Social Responsibility
A Global Call for Action

Webinar: Tuesday, January 30th
12noon to 1:00pm Eastern Time

Chartered Accountants Worldwide | **Network USA**

Presenters:

Sulaiman Afzal, FCA,
Chairman: US Data Solutions

Elisa Farri, Vice President,
Co-Lead of Capgemini Invent's
Management Lab

Shane Rogers, FCA, Founder
Rogers Global Audit Advisors

Learning Objectives:
Corporate Social Responsibility

Upon completion of this webinar, the audience should be able to do the following:

1. State a working definition of Corporate Social Responsibility (CSR) and describe its four pillars.

2. Articulate the fundamental reasons why CSR is an effective organizational strategy for branding and reputation advantage.

3. Explain the three primary views of CSR and the explicit and implicit CSR framework.

4. Compare arguments for and against the use of CSR by businesses.

5. Identify organizational enemies that hinder sustainability initiatives at scale and present a practical framework to clear the fog on the 'popular' Chief Sustainability Officer role.

6. Implement internal and or third-party annual CSR Report.

Top-down forces behavior change through *policy*, bottom-up approaches attempts the opposite: to influence policy through *behavior*.

CSR Top-Down vs. Bottom-Up: Which is more effective?

A – Top Down

B – Bottom-up

C – Combination

Shane Rogers, FCA, MBA

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- Independent audit & risk consultant, trainer and executive coach, and Founder of Rogers Global Audit Advisors, LLC /

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- Former Chief Audit Executive for Swiss Re Americas and global Internal Audit executive team member

- Board President of Chartered Accountants Worldwide Network USA

- Fellow Chartered Accountant (Ireland)

- Masters in Business Administration (Finance & International Business) from New York University, Leonard N. Stern Business School

- 25+ years global experience in banking, asset management and insurance – with Price Waterhouse, CS First Boston / Credit Suisse and Swiss Re.

Mr. Rogers Thought Leadership – Rogers Global Audit Advisors, LLC
Training and coaching internal auditors to be leaders within their organizations – focusing on relationships, issues/insights delivery, risk responsiveness and agility. Shane has 25+ year experience working as an Internal Audit and Business Executive in global investment banking and reinsurance companies.

Elisa Farri

https://www.linkedin.com/in/elisa-farri-3817041b0/

- Elisa Farri is vice president, co-lead of Capgemini Invent's Management Lab, a global think tank that bridges the academic and business worlds.

- The Management Lab originates from the European Centre for Strategic Innovation, which was acquired by Capgemini in 2021.

- Elisa is listed in the **Thinkers50 Radar Class of 2023** together with Paolo Cervini, co-lead of Capgemini Invent's Management Lab. Verdict: "*Advancing the cause of sustainability in management practice*"

- Elisa is a **frequent contributor** of leading management magazines, including the Harvard Business Review, Rotman Management, Forbes, European Business Review.

- Previously, Elisa was a **researcher at the HBS Europe Research Center** in France, where she authored several Harvard Business School case studies.

Mrs. Farri's Thought Leadership – Sustainability:
'How Sustainability Efforts Fall Apart' (with Paolo Cervini and Gabriele Rosani, Harvard Business Review, 26 September 2022)

'The 8 Responsibilities of Chief Sustainability Officers' (with Paolo Cervini and Gabriele Rosani, Harvard Business Review, 2 March 2023)

Sulaiman Afzal, FCA

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- Sulaiman Afzal has over 30 years of domestic and international experience ranging from healthcare (Aflac / BCBSIL), public accounting (KPMG, Ernst & Young), Commercial and Investment Banking (The National Commercial Bank and Morgan Stanley) and automotive industry (Visteon). Mr. Afzal is based in the US.

- Mr. Afzal has been involved in US publically-owned corporations which are subject to the auditing and reporting requirements of the US Sarbanes Oxley Law, US Foreign Corrupt Practices Act (FCPA) and Corporate Social Responsibility (CSR).

- Mr. Afzal's research has recognized that controls are designed to manage risks, detect and prevent errors, and ensure compliance.

Mr. Afzal's Thought Leadership – Culture of Compliance:
Training Audit Committee Fortune 500 clients on Corporate Social Responsibility (CSR). Provide expert resources and a unified view into business processes across IT, Finance, Operations and Legal domains. Demonstrate effective education and communication for CSR.
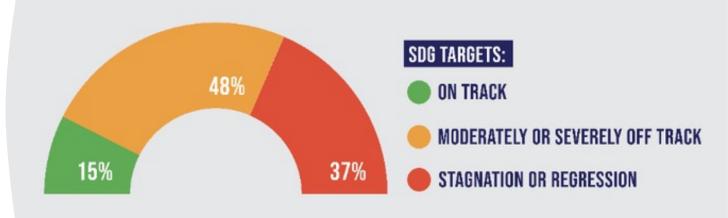
Sustainable Development Goals (SDG) progress at the midpoint

- The world is falling short of meeting most of the SDG Goals by 2030.
- Existing *gaps* calls for a redoubling of efforts on a global scale.
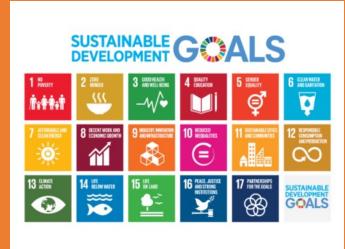- Access to data can provide insights to realizing the 2030 SDG Agenda.

CSR Benefits:

When a company implements a CSR strategy, it helps to:

1. Increase employee engagement.
2. Improve bottom-line financials.
3. Support local and global communities.
4. Contribute to the United Nations Sustainable Development Goals.
5. Access investments (e.g., Wellington Management).
6. Refine public image and create positive press.
7. Boost customer retention and loyalty.
8. Enhance employer branding (e.g., Toms).

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a process for companies to *integrate* social, governance, environmental into operations and corporate strategy.

Sustainability has a set of common guidelines - the Guiding Principles - outlining expectations for suppliers including human rights, environment, working conditions and business ethics.
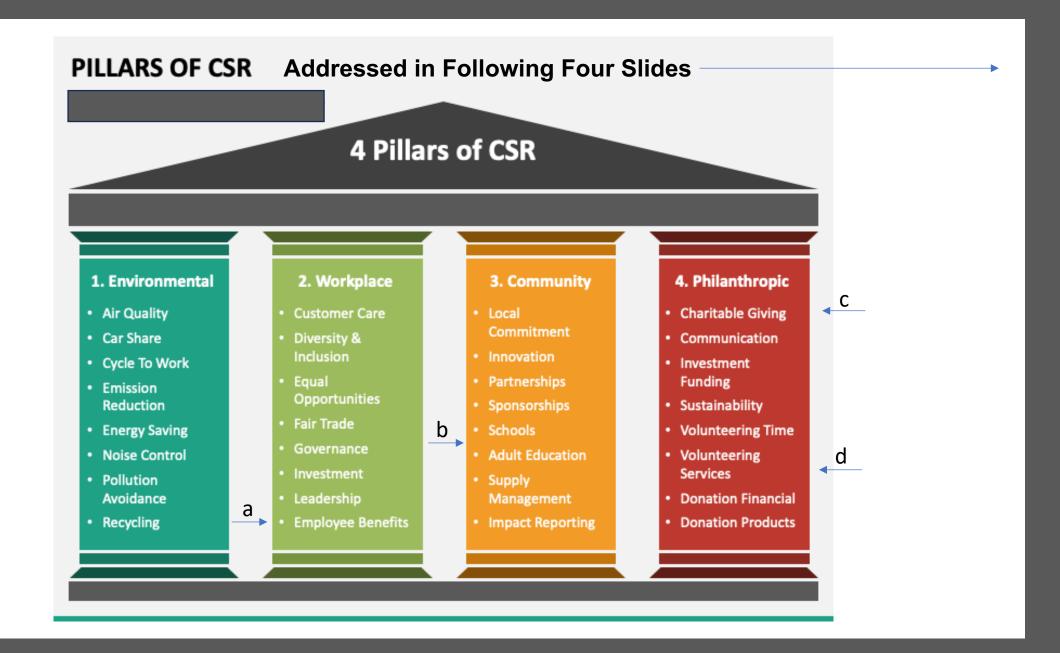
In line with the Guiding Principles, a *Self-Assessment Questionnaire* (SAQ) is designed to indicate and verify supplier performance on CSR/Sustainability.

Corporate Social Responsibility (CSR) Definition:

- Actions that further social good, beyond the interests of the firm and that which is required by law.

- CSR as a response to a contrary view that the only responsibility of business was to use its resources to increase its profits.

- CSR requires consideration of *Environmental, Workplace, Community,* and *Philanthropic* factors.

Pillar One: Environmental Responsibility:

- *Environmental* and *eco friendly* operations.
- *Sustainable* practices, pledging to consider impact of corporate business.
- Avoiding *single-use plastics* and supporting environmental aspects.
- Environment is a part of *corporate mission*.

Pillar Two: Workplace Culture:

- Team engagement.
- Volunteering events.
- Track the impacts of your efforts.

Pillar Three:

- Corporation's goals and objectives for the society.
- Corporate giving.
- Public image, crucial in today's world.
- Corporate donation matching.

Pillar Four:

CSR & Corporate Philanthropy

NONPROFITS

CORPORATE PHILANTHROPY

BUSINESSES

- Donations for nonprofits can be drastically increased with corporate programs.

- Last year, corporations in the United States donated more than $17.77 billion to nonprofit organizations.

A CSR/ sustainability report is an organizational report that gives information about economic, environmental, social and ethical performance.

Does your company publish a CSR/Sustainability Annual Report?

A – Yes

B – No

C – Don't know

Pros & Cons: Corporate Social Responsibility

PROs

1. Strategic use can contribute to a *social goal* (e.g., recycling).

2. CSR strategy benefits everyone.

3. CSR strategy provides transparency.

CONs

1. Costs fall on small business or consumers.

2. Favor of shareholders.

3. It may lead to CSR hypocrisy.

Primary views of CSR: Explicit and Implicit

Opportunistic view: Focusing on *profits* as a sole source of social responsibility.

Siloed view: *Socially defined goal* rather than a business objective vs. old 'CSR' that is detached from business. Typical philanthropy…

Balanced view: Being a good corporate citizen and creating business & economic value vs. the '*profit & purpose*' view.

Corporate Social Responsibility (CSR)

"If you are in the luckiest of 1% of humanity, you owe it to the rest of _humanity_ to think about the other 99%," said Warren Buffett.

Purpose of any business is not only to make a _profit_ but also to be responsible for its actions and decisions.

Businessmen must review their impact of decisions and actions on the different sections of _society_.

SUSTAINABILITY'S HIDDEN ENEMIES

STRUCTURE & GOVERNANCE

CULTURE & LEADERSHIP

PROCESSES & METRICS

METHODS & SKILLS

HOW TO DEFEAT THEM?

STRUCTURE & GOVERNANCE

CULTURE & LEADERSHIP

PROCESSES & METRICS

METHODS & SKILLS

CLEAR **THE FOG ON CHIEF SUSTAINABILITY OFFICER ROLE**
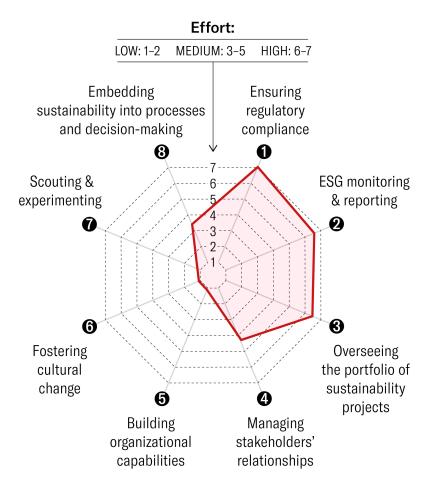
WALK THE TALK WITH ALL STAKEHOLDERS
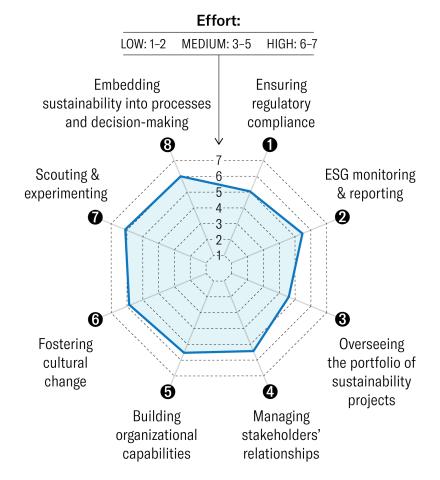
EMBED **INTO DECISION MAKING**

ACT **"ECOSYSTEM"**

Pre-Exercise CSO Positioning for a German Manufacturer

Completing the eight-task spider graph revealed that the CSO role left many areas uncovered.

Source: Elisa Farri, Paolo Cervini, and Gabriele Rosani

Desired CSO Positioning for a German Manufacturer

The updated eight-task spider graph shows a more balanced CSO role.

Source: Elisa Farri, Paolo Cervini, and Gabriele Rosani

Poll Number Three

Internal auditors can provide CSR audits, fostering awareness among stakeholders.

Is your most recent CSR report assured by internal audit & or third party?

A – Yes

B – No

C – Don't know

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CSR Branding and Reputation

Organizations use a CSR strategy for promoting or strengthening their brand.

CSR can become a strategic branding tool to manage stakeholder expectations.

CSR strategy, tied to the community, presents an especially compelling brand image.

CSR positive brand image can create an effective CSR strategy.

Through attracting talent, CSR can help build organizational reputation.

CSR Branding and Reputation

1. To maintain its commitment in a changing world, **Levi's** regularly updates its Terms of Engagement. In 2011, on the 20th anniversary of its code of conduct, Levi's announced its _Worker Well-being_ initiative to implement further programs focused on the health and well-being of supply chain workers.

2. **Starbucks** launched its first corporate social responsibility report in 2002 with the goal of becoming as well-known for its CSR initiatives as for its products. One of the ways the brand has fulfilled this goal is through _ethical sourcing_.

3. Rather than giving shoes, _we're giving 1⁄3 of our profits_. In other words, $1 for every $3 we make, which is about as much as a company can give while keeping the lights on." - **TOMS** Impact Report 2019-2020.

TOMS Impact Report.

Let's break that down:

- We want to do more—to have an even greater impact.

- The journey to impacting another 100 million lives has officially begun.

- Let's throw on our TOMS, and let's keep moving forward!

With gratitude, Amy Smith TOMS Chief Strategy & Impact Officer.

Amy Smith – She/Her

A Note from Our Chief Brand & Impact Officer

We each have a lived experience with mental health. That's what makes this work so important and so core to TOMS' mission of using business to improve lives. TOMS' Impact Partners are doing incredible work in this space, and we could not be more honored to be a small part of their efforts.

When you buy TOMS, you help fund access to mental health resources for the millions of people who need them. This is a commitment TOMS made over a year ago as we evolved away from our One for One giving model. Thanks to all of you, the TOMS community, for making this work possible. There are so many ways wearing TOMS is positively impacting lives. Wear TOMS. WEAR GOOD.

UN 17 Point Agenda for Sustainable Development Goals - **2030**
&
COSO 17 Principles Framework on Internal Control – **2013**

A GLOBAL CALL FOR ACTION

Gap Analysis

The stages of improving CSR data quality:

1. The business case

2. Setting an objective and developing a roadmap

3. Understanding the improvements your company needs

4. *Making changes to improve data quality – structured & unstructured*

5. Reporting on internal controls (*entity level and activity level*)

6. Monitoring and ongoing improvement

7. Assurance (*internal audit and third party*)

Assurance plays a vital role in the corporate reporting landscape, and a new global baseline for assurance, of "*sustainability reporting*", should be available by the end of the year.

Poll Number Four

THE ECONOMICS AND POLITICS OF WEALTH REDISTRIBUTION

GORDON TULLOCK

Edited and with an Introduction by
CHARLES K. ROWLEY

1. "Why Redistribute Wealth?"
2. "Private and Semiprivate Redistribution Mechanisms,"
3. "Redistributive Politics,"
4. "The Expanding Frontiers of Wealth Redistribution,"
5. "What to Do—What to Do"

For wealth redistribution, which is most effective?

A – Government Sector

B – Private Sector

C – Not for Profit Sector

D – Individual direct contribution

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